



Education Committee

February 26, 2018

The Connecticut Conference of Municipalities (CCM) is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent over 96% of Connecticut's population. We appreciate the opportunity to testify on bills of interest to towns and cities.

HB 5171 An Act Prohibiting The Executive Branch From Making Rescissions Or Other Reductions To The Education Cost Sharing Grant During the Fiscal Year

SB 8 An Act Implementing The Governor's Budget Recommendations Concerning Education.

Good afternoon, Co-chairs Fleischman, Slossberg and Boucher, Ranking Member Lavielle and distinguished members of the Education Committee. My name is Steve Werbner, I am the Town Manager of Tolland and I am presenting testimony today on behalf of CCM.

CCM supports HB 5171 as it would prohibit the Executive Branch from making rescissions or other reductions to the education equalization aid grant, including unspecified lapses and holdbacks. This would help provide increased stability and predictability in local education budgets.

Education is the largest single item in municipal budgets. In some towns it is as much as 80% of the total budget. Rising education costs coupled with reductions in education aid place additional pressure on municipalities to generate additional revenue through its only source, the local property tax.

Municipalities have no choice but to cut back on other municipal services and raise property taxes as they struggle to absorb reductions in education aid while meeting the requirements of burdensome underfunded and unfunded mandates, including the minimum budget requirement.

An equal partnership between state and local revenue sources has been a longstanding goal of the Connecticut State Board of Education. In 1989-90, the State's share of total education

expenditures reached 45.5 percent, the closest it has ever come to reaching the goal of a 50-50 partnership in education funding.¹

Since then, the State's share has been well below the fifty-percent mark. The Governor's Task Force to Study the Education Cost Sharing Grant reiterated the 50-50 goal in 1999 when it recommended, "The State should budget and appropriate funds biennially to demonstrate progress toward equal state and local spending for education."²

In FY 12, Connecticut ranked 42th in the nation for state share of preK-12 public education funding.³ Chronic state underfunding of PreK-12 public education has made Connecticut the most reliant state in the nation on property taxes to fund education.

CCM appreciates the steps the Committee has taken in this proposal to protect education aid to municipalities while reducing pressure on the local property tax. **We urge the Committee to favorably report on HB 5171.**

CCM **opposes** SB 8 as it would annualize the FY 2018 holdbacks and reduce major aid to municipalities. SB 8 would also eliminate education grants to municipalities with a high property tax base.

CCM believes it is imperative that the legislature establish a more equitable means to distribute funding under the education cost sharing formula. The proposed changes to the ECS formula would create a system of picking winners and losers. Our belief, which has been further verified by the CCJEF case, is that it is the state's responsibility to educate every child in Connecticut and this proposal goes in the opposite direction. While we recognize that not every town will be funded at the same level, we ask that you remember that every school district has needs. It is a matter of fairness.

While we do not support this proposal, CCM welcomes the dialogue the Governor's initiatives have produced. These proposals only reinforce the urgency to address the structural changes needed to give municipalities new tools in the toolbox for revenue diversification, shared services and cost containment to keep in line with other states.

CCM's responsibility is to advocate for our towns and cities and protect their interests along with its tax payers, which is why we commissioned our report, **"This Report is Different - Securing the Future: Service Sharing and Revenue Diversification for Connecticut Municipalities."**

This report highlights a new way forward for the state and its relationship with its municipalities. It stresses the need to change the paradigm in order to help towns and cities become more self-reliant and to chart a sustainable path to future growth and prosperity.

The CCM panel has identified long-needed opportunities for revenue diversification to help relieve the burden on property taxpayers. Communities must be given the flexibility to use

¹ SDE data.

² Task Force to Study the Education Cost Sharing Grant, Recommendations, February 2, 1999.

³ US Census Bureau, Public Education Finances, 2014

alternative revenue sources to meet pressing financial needs and/or grant property tax relief. Towns and cities need policy changes that would result in greater revenue flexibility at the local level and generally less reliance on state aid. Appropriate cost containment mechanisms must also be put in place to ensure that new revenue is used to offset reductions in state aid and lessen municipal overreliance on the property tax.

Increasing municipal capacity to govern is paramount to the success of the state as well. CCM stands willing to work with the Governor and the Legislature to create and implement long-term, sustainable solutions to address the many problems the state and municipalities are currently facing.

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If you have any questions, please contact Daniel C. Giungi, Senior Legislative Associate for CCM, at dgiungi@ccm-ct.org or (203) 498-3023.